

ANNUAL STATEMENT

OF THE

Preferred Health Partnership of Tennessee, Inc.

of

Knoxville

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

**FOR THE YEAR ENDED
DECEMBER 31, 2005**

2005



ANNUAL STATEMENT
For the Year Ending December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
Preferred Health Partnership of Tennessee, Inc.

NAIC Group Code	1253 (Current Period)	1253 (Prior Period)	NAIC Company Code	95749	Employer's ID Number	62-1546662
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[X] No[] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	01/01/1994		Commenced Business	01/01/1994		
Statutory Home Office	1420 Centerpoint Blvd. (Street and Number)		Knoxville , TN 37932 (City, or Town, State and Zip Code)			
Main Administrative Office			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Mail Address	1420 Centerpoint Blvd. (Street and Number or P.O. Box)		Knoxville, TN 37932 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)670-7282 (Area Code) (Telephone Number)			
Internet Website Address						
Statutory Statement Contact	Melissa R Anderson (Name)		(865)670-7282 (Area Code)(Telephone Number)(Extension)			
	manders1@covhlth.com (E-Mail Address)		(865)470-7461 (Fax Number)			
Policyowner Relations Contact			1420 Centerpoint Blvd. (Street and Number)			
	Knoxville, TN 37932 (City, or Town, State and Zip Code)		(865)470-7470 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Lance K. Hunsinger	President
Jeffery S. Collake	Chief Financial Officer
Jeffery S. Collake	Secretary

OTHERS

DIRECTORS OR TRUSTEES

Kenneth Truman Creed
Michael McKay Dudley
Randolph Murphree Lowry MD
Cletus Joseph McMahon Jr. MD
David A. Nowiski
Anthony L. Spezia
Sandra L. Mathy

Thomas Rowe Bell
Daniel J. David MD
Marvin H. Eichorn
Kenneth Frederick Luckman MD
Michael Earl Mitchell MD
Francis H. Olmstead Jr.
Dean M. Turner MD

State of Tennessee
County of Knox ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Lance K. Hunsinger	Jeffery S. Collake	Jeffery S. Collake
(Printed Name)	(Printed Name)	(Printed Name)
President	Chief Financial Officer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
_____ day of _____, 2006	b. If no,	_____
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	56,091,974		56,091,974	58,499,929
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....242,314 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....1,556,318 Schedule DA)	1,798,632		1,798,632	40,995
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	57,890,606		57,890,606	58,540,924
11.	Title plants less \$..... charged off (for Title insurers only)				
12.	Investment income due and accrued	846,215		846,215	898,391
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers				
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset				
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software				
19.	Furniture and equipment, including health care delivery assets (\$.....)				
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates	40,741	36,464	4,277	2,511,535
22.	Health care (\$.....) and other amounts receivable				
23.	Aggregate write-ins for other than invested assets	37,510		37,510	54,656
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	58,815,072	36,464	58,778,608	62,005,506
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	58,815,072	36,464	58,778,608	62,005,506
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	A/R Risk Share				
2302.	A/R State Admin	37,510		37,510	54,656
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	37,510		37,510	54,656

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)				1,000,000
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				30,000
4.	Aggregate health policy reserves	6,732,000		6,732,000	10,826,641
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	5,246,539		5,246,539	9,805,245
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	215,985		215,985	
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)	11,488,605		11,488,605	14,082,990
22.	Total liabilities (Lines 1 to 21)	23,683,129		23,683,129	35,744,876
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	1,000	1,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X	61,379,848	61,379,848
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	(26,285,369)	(35,120,218)
30.	Less treasury stock, at cost:				
30.1	..... shares common (value included in Line 24 \$.....)	X X X	X X X		
30.2	..... shares preferred (value included in Line 25 \$.....)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	35,095,479	26,260,630
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	58,778,608	62,005,506
DETAILS OF WRITE-INS					
2101.	Accrued Run-Out Costs	11,488,605		11,488,605	14,082,990
2102.	Grier Decree Accrual				
2103.	Reserve for Transplants				
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	11,488,605		11,488,605	14,082,990
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801	.....	X X X	X X X		
2802	.....	X X X	X X X		
2803	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	1,498,890	1,585,507
2.	Net premium income (including \$..... non-health premium income)	X X X		
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	4,822,730	4,031,669
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	4,822,730	4,031,669
Hospital and Medical:				
9.	Hospital/medical benefits			
10.	Other professional services	(997,145)	(997,145)	(581,562)
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs	(107,784)	(107,784)	(34,858)
14.	Aggregate write-ins for other hospital and medical	(636,887)	(636,887)	(250,200)
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)	(1,741,816)	(1,741,816)	(866,620)
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)	(1,741,816)	(1,741,816)	(866,620)
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$..... cost containment expenses			
21.	General administrative expenses			
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)	(1,741,816)	(1,741,816)	(866,620)
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,564,546	4,898,289
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		2,264,548	2,231,998
26.	Net realized capital gains (losses) less capital gains tax of \$.....		44,459	153,673
27.	Net investment gains (losses) (Lines 25 plus 26)		2,309,007	2,385,671
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	8,873,553	7,283,960
31.	Federal and foreign income taxes incurred	X X X		2,209,893
32.	Net income (loss) (Lines 30 minus 31)	X X X	8,873,553	5,074,067
DETAILS OF WRITE-INS				
0601.	Other Revenue	X X X	655,716	
0602.	State Admin Revenue	X X X	4,167,014	4,031,669
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	4,822,730	4,031,669
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Recoveries	(632,357)	(632,357)	(496,848)
1402.	Risk Share	(4,530)	(4,530)	246,648
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	(636,887)	(636,887)	(250,200)
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	26,260,630	21,186,563
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	8,873,553	5,074,067
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	0	0
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	8,873,552	5,074,068
49.	Capital and surplus end of reporting year (Line 33 plus 48)	35,134,182	26,260,631
DETAILS OF WRITE-INS			
4701.	Miscellaneous		
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	350,530	1,498,890	1,585,507
REVENUES:			
1. TennCare Capitation	43,186,140	211,259,842	215,259,968
2. Investment	3,189	13,493	1,859
3. Other Revenue			
IBNR / Capitation Revenue Receivable	1,040,623	31,396,233	32,463,841
Premium Tax	885,361	3,206,410	3,325,980
4. TOTAL REVENUES (Lines 1 to 3)	45,115,314	245,875,979	251,051,647
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	95,510	1,082,369	1,455,699
6. Fee-For-Service Physician Services	4,628,331	23,650,807	24,758,072
7. Inpatient Hospital Services	24,698,879	142,355,810	144,882,748
8. Outpatient Services	16,148	68,002	61,435
9. Emergency Room Services	2,761,259	12,722,130	12,879,752
10. Mental Health Services	12,431	78,931	62,820
11. Dental Services (Capitated & FFS)	369	3,471	7,730
12. Vision Services (Capitated , FFS & Opthamology)	205,371	879,021	864,314
13. Pharmacy Services (Capitated & FFS)	(4,105)	(10,448)	(14,729)
14. Home Health Services	117,479	401,652	434,412
15. Chiropractic Services	0		0
16. Radiology Services	34,086	180,221	200,976
17. Laboratory Services	6,127,371	32,643,097	33,972,466
18. Durable Medical Equipment Services	1,447,603	8,520,223	7,805,932
19. Transportation Services (Capitated)	992,822	4,817,145	5,003,592
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	1,814,251	7,636,968	6,216,562
Counselors/Therapists	0		0
Otolaryngology - FFS Office	414,397	1,494,984	1,455,865
Anesthesiology - FFS Hosp & Other	692,208	3,464,740	3,424,862
Gastroenterology	10,514	68,053	86,098
Preventive Medicine	769,413	3,362,278	3,335,487
Ped Emergency Medicine - FFS Hospital	0		0
Miscellaneous	26,887	136,318	952,934
IBNR	0	0	0
Risk Share	0	0	0
24. Subtotal (Lines 5 to 23)	44,861,224	243,555,774	247,847,029
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	236,293	741,975	533,153
27a Recoveries	394,979	1,231,453	633,139
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	631,271	1,973,427	1,166,292
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	44,229,953	241,582,346	246,680,737

NAIC Report 2A Medical Expenses	PHPT Account Number	PHPT Account Name	Jan 05 - Jun 05	Jul 05 - Dec 05	
Line 10	50400	Mental Health	0.00	0.00	0.00
Line 10	50406	Other MH (Partial & IOP)	0.00	0.00	0.00
Line 10	53063	Psychiatry ~ FFS Office	40,483.77	29,335.22	69,818.99
Line 10	53163	Psychiatry ~ FFS Hosp	4,154.68	4,957.24	9,111.92
Line 10	53363	Psychiatry ~ Other	0.00	0.00	0.00
Line 11	56016	Capitation ~ Dental	0.00	0.00	0.00
Line 11	56035	Dental	2,478.94	992.19	3,471.13
Line 12	53139	Opthamology ~ FFS Hosp	0.00	0.00	0.00
Line 12	53339	Opthamology ~ Other	453,974.96	425,045.93	879,020.89
Line 12	56018	Capitation ~ Vision	0.00	0.00	0.00
Line 12	56100	Vision	0.00	0.00	0.00
Line 13	54000	Prescription Drugs	0.00	0.00	0.00
Line 13	54001	Pharmacy	14.77	13.00	27.77
Line 13		Pharmacy Rebate	-6,831.00	-3,160.00	-9,991.00
Line 14	56050	Home Health	198,539.95	203,111.94	401,651.89
Line 14	56055	Home Infusion	0.00	0.00	0.00
Line 15	53009	Chiropractic ~ FFS Office	0.00	0.00	0.00
Line 16	53370	Radiation Oncology ~ Other	106,359.04	73,861.65	180,220.69
Line 16	53371	Radiology ~ Other	0.00	0.00	0.00
Line 17	53341	Pathology - Other	0.00	0.00	0.00
Line 17	55000	Lab & Xray	14,986,484.06	12,988,660.64	27,975,144.70
Line 18	56040	Durable Med Equip	3,959,434.62	3,342,399.55	7,301,834.17
Line 19	56000	Ambulance	2,484,486.81	2,154,780.03	4,639,266.84
Line 19	56017	Capitation ~ Transportation	84,468.00	90,304.00	174,772.00
Line 23 d	56080	MCO DELEGATED SVCS	0.00	0.00	0.00
Line 23 f	56104	5% Increase Spending Plan	0.00	0.00	0.00
Line 23 g	53011	Counselors/Therapists ~ FFS Office	0.00	0.00	0.00
Line 23 h	56051	Housing	0.00	0.00	0.00
Line 23 h	56053	Reimbursed Member Expenses	0.00	0.00	0.00
Line 23 l	53040	Otolaryngology ~ FFS Office	109,709.95	109,000.80	218,710.75
Line 23 l	53340	Otolaryngology ~ Other	717,784.72	558,488.55	1,276,273.27
Line 23 j	53305	Anesthesiology ~ Other	1,878,287.40	1,586,453.06	3,464,740.46
Line 23 k	53320	Gastroenterology ~ Other	43,941.25	24,112.14	68,053.39
Line 23 L	53362	Preventive Med ~ Other	1,665,272.31	1,697,006.06	3,362,278.37
Line 23 m	53388	Urology ~ Other	0.00	0.00	0.00
Line 23 n	53399	Other Specialist	0.00	0.00	0.00
Line 23c	53084	Surg Ortho - FFS	0.00	0.00	0.00
Line 23e	53003	Allergy & Immunology ~ FFS Office	426,518.99	381,073.82	807,592.81
Line 23e	53303	Allergy & Immunology ~ Other	3,762,235.40	3,067,140.25	6,829,375.65
Line 23g	53037	Occupational Hlth ~ FFS Office	0.00	0.00	0.00
Line 23o	53148	Ped Emerg Med ~ FFS Hosp	0.00	0.00	0.00
Line 23 r	56105	Miscellaneous	0.00	0.00	0.00
Line 23s	59600	IBNR + 59601	708,694.00	29,497,139.00	30,205,833.00
Line 23s		IBNR W/O	0.00	0.00	0.00
Line 23t	55900	Risk Share	0.00	0.00	0.00
Line 27	56085	Subrogation			0.00
Line 27a	56085	Recoveries	-817,473.00	-103,335.00	-920,808.00
Line 5	56019	Capitation ~ Specialist			0.00
Line 5	52704	Other PCP ~ Capitation	0.00	0.00	0.00
Line 5	56019	Capitation ~ Specialist	498,073.00	583,996.00	1,082,069.00
Line 6	52002	Internal Med - FFS Office	0.00	0.00	0.00
Line 6	52003	Pediatricians ~ FFS Office	0.00	0.00	0.00
Line 6	53335	obgyn other	0.00	0.00	0.00
Line 6	52000	Family Prac ~ FFS Office	0.00	0.00	0.00
Line 6	52001	Genl Prac ~ FFS Office	0.00	0.00	0.00
Line 6	52004	Other PCP ~ FFS Office	0.00	0.00	0.00
Line 6	52301	Genl Prac ~ Other	9,675,095.10	7,754,559.82	17,429,654.92
Line 6	52303	Pediatricians ~ Other	0.00	0.00	0.00
Line 6	52304	Other PCP ~ Other	0.00	0.00	0.00
Line 6	52400	Do Not Use ~ IBNR ~ PCP	0.00	0.00	0.00
Line 6	53023	Gynechology ~ FFS Office	0.00	0.00	0.00
Line 6	53035	Obstetrics & Gynecology ~ FFS Office	0.00	0.00	0.00
Line 6	53323	Gynecology ~ Other	0.00	0.00	0.00
Line 6	53329	Nephrology ~ Other	719,777.62	569,153.15	1,288,930.77
Line 6	53330	Neurology ~ Other	741,437.08	609,717.64	1,351,154.72
Line 6	53334	Obstetrics ~ Other	0.00	0.00	0.00
Line 6	53335	Obstetrics & Gynecology ~ Other	112,017.11	86,992.19	199,009.30
Line 6	56015	Capitation ~ Misc	0.00	0.00	0.00
Line 6	53119	Endocrinology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53314	Dermatology ~ Other	694.27	1,009.51	1,703.78
Line 7	52102	Internal Med ~ FFS Hosp	0.00	0.00	0.00
Line 7	53078	surg gen - ffs hosp	0.00	0.00	0.00
Line 7	53314	Dermatology - Other	0.00	0.00	0.00
Line 7	53383	Surg Oral & Maxillofacial Other	0.00	0.00	0.00
Line 7	50000	I/P Hosp ~ Surgical	47,044.63	53,479.73	100,524.36
Line 7	50001	I/P Hosp ~ Medical	27,938,186.89	20,053,705.47	47,991,892.36
Line 7	50002	I/P Hosp ~ ICU/CCU	4,562,637.97	3,920,800.98	8,483,438.95
Line 7	50003	I/P Hosp ~ OB	0.00	0.00	0.00
Line 7	50004	I/P Hosp ~ Pediatrics	4,365,547.84	6,133,716.97	10,499,264.81
Line 7	50005	I/P Hosp ~ Other	5,009,652.06	6,708,381.25	11,718,033.31
Line 7	50100	Skilled Nursing Facility	0.00	0.00	0.00
Line 7	50404	Rehab	0.00	0.00	0.00
Line 7	52101	Genl Prac ~ FFS Hosp	360,468.15	287,973.05	648,441.20
Line 7	52104	Other PCP ~ FFS Hosp	0.00	0.00	0.00
Line 7	52205	Bonus Pool ~ Unallocated	0.00	0.00	0.00
Line 7	53105	Anesthesiology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53108	Cardiovascular Disease ~ FFS Hosp	2,616,696.03	1,443,565.63	4,060,261.66
Line 7	53114	Dermatology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53128	Med Oncology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53129	Nephrology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53134	Obstetrics ~ FFS Hosp	0.00	0.00	0.00
Line 7	53135	Obstetrics & Gynecology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53138	Occupational Therapy ~ FFS ~ Hosp	22,927.48	19,968.28	42,895.76
Line 7	53140	Otolaryngology ~ FFS Hosp	18,076.16	17,493.00	35,569.16
Line 7	53160	Physical Therapy ~ FFS Hosp	166,074.12	136,824.61	302,898.73
Line 7	53178	Surg General ~ FFS Hosp	0.00	0.00	0.00
Line 7	53181	Surg Neurological ~ FFS Hosp	0.00	0.00	0.00
Line 7	53188	Urology ~ FFS Hosp	0.00	0.00	0.00
Line 7	53308	Cardiovascular Disease ~ Other	684,740.98	537,273.84	1,222,014.82
Line 7	53317	Diagnostic Radiology ~ Other	0.00	0.00	0.00
Line 7	53338	Occupational Therapy ~ Other	0.00	0.00	0.00
Line 7	53342	Pathology, Hemotology ~ Other	0.00	0.00	0.00
Line 7	53360	Physical Therapy ~ Other	1,358,250.16	945,892.23	2,304,142.39
Line 7	53369	Pulmonary Disease ~ Other	298,769.08	219,252.30	518,021.38
Line 7	53378	Surg General ~ Other	16,123,745.10	12,537,868.21	28,661,613.31

Line 7	53383	Surg Oral & Maxillofacial ~ Other	3,798.43	72.75	3,871.18
Line 7	53384	Surg Orthopedic ~ Other	0.00	0.00	0.00
Line 7	56065	Medical Supplies	1,546,054.85	1,110,692.80	2,656,747.65
Line 7	56070	Ortho & Prosthetics	523,711.71	430,062.96	953,774.67
Line 7	56105	Misc Med Expense	1,058,299.18	864,387.11	1,922,686.29
Line 7	56999	Do Not Use IBNR ~ Other Medical	0.00	0.00	0.00
Line 8	51001	Outpt Clinics	0.00	0.00	0.00
Line 8	51000	Outpt Surg ~ Hosp	0.00	0.00	0.00
Line 8	51003	Outpt Surg ~ Other	37,562.91	30,439.23	68,002.14
Line 9	53318	Emerg Med ~ Other	4,035.52	2,574.62	6,610.14
Line 9	56045	Emerg Room	5,723,311.44	5,172,948.49	10,896,259.93
N/A	50300	Do Not Use ~ IBNR ~ Hosp	0.00	0.00	0.00
N/A	50403	Detox	0.00	0.00	0.00
N/A	53000	Ab Imaging ~ FFS Office	0.00	0.00	0.00
N/A	53299	Bonus Pool ~ Specialist	0.00	0.00	0.00
N/A	53400	Do Not Use ~ IBNR ~ Specialist	0.00	0.00	0.00
N/A	55500	Stoploss Expense	0.00	0.00	0.00
N/A	56025	Case Mgmt Svcs	0.00	0.00	0.00
N/A	56030	Claims Contra - Allianz	0.00	0.00	0.00
N/A	56031	Corporate Division Medical Alloc	0.00	0.00	0.00
N/A	56077	Prior Period Reversals	0.00	0.00	0.00

TOTAL MEDICAL EXPENSES	115,025,704.49	126,360,181.89	241,385,886.38
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Pre 01-01-05 expenses not reflected on Income Stmt	-27,192,611.00
	0

TOTAL LOB EXPENSES	214,193,275.38
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Total Expenses on MLR	214,193,275.83
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Variance	0
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MEDICAL TARGET REPORT 12/2005

For the year 1/05 -
12/31/05

UB 92 Payments by the Claims Processing System	95,039,161
HCFA1500 Payments by the Claims Processing System	88,493,449
Dental Payments by the Claims Processing System	0
Capitation Payments	1,082,069
Pharmacy Payments	0
Subcontractor Payments for Medical Services	174,770
Reinsurance Payment	0
Other Payments/Adjustments to Medical Costs	128,793
Less:	
BHO Capitation Revenue	0
Pharmacy Rebates	9,991
Recoveries not Reflected in Payments by the Claims System	920,808
Total Payments for the month	183,987,443
Remaining IBNR for the month	30,205,833
Payments and Remaining IBNR for the month	214,193,276

Medical Loss Ratio	
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Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	0	0	0
REVENUES:			
1. TennCare Capitation	0	0	0
2. Investment	590,084	2,309,007	2,385,671
3. Other Revenue	0	655,716	0
State Admin Revenue	4,167,015	4,167,015	4,031,669
4. TOTAL REVENUES (Lines 1 to 3)	4,757,099	7,131,738	6,417,340
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	0	0	0
6. Fee-For-Service Physician Services	0	0	0
7. Inpatient Hospital Services	1,013	(997,145)	(581,562)
8. Outpatient Services	0	0	0
9. Emergency Room Services	0	0	0
10. Mental Health Services	0	0	0
11. Dental Services (Capitated & FFS)	0	0	0
12. Vision Services (Capitated , FFS & Opthamology)	0	0	0
13. Pharmacy Services (Capitated & FFS)	0	(107,784)	(34,858)
14. Home Health Services	0	0	0
15. Chiropractic Services	0	0	0
16. Radiology Services	0	0	0
17. Laboratory Services	0	0	0
18. Durable Medical Equipment Services	0	0	0
19. Transportation Services (Capitated)	0	0	0
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	0	0	0
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	0	0	0
Anesthesiology - FFS Hosp & Other	0	0	0
Gastroenterology	0	0	0
Preventive Medicine	0	0	0
Ped Emergency Medicine - FFS Hospital	0	0	0
IBNR	0	0	0
Risk Share	0	0	246,648
24. Subtotal (Lines 5 to 23)	1,013	(1,104,929)	(369,772)
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:	0		
26. Copayments	0	0	0
27. Subrogation	0	0	0
27a Recoveries	303,025	636,887	496,848
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	303,025	636,887	496,848
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	(302,012)	(1,741,816)	(866,619)

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration:			
31. Compensation (Including Allocated Costs)	2,014,893	9,538,794	8,899,639
32. Marketing (Including Allocated Costs)	1,158	3,106	16,074
33. Premium Tax Expense	79,458	369,197	413,846
34. Occupancy, Depreciation and Amortization (Including Allocated Costs)	206,462	720,997	847,432
35. Other Administration (Provide detail)			
Printing	22,130	66,052	178,877
Rent/Utilities	0	0	0
Franchise, Excise & Property Taxes	0	0	0
Postage	75,839	249,715	300,464
Legal Fees	12,877	46,540	20,953
Liquidated Damages	0	600,000	1,207,740
Outside Services	106,352	469,798	449,580
Board & Committee Fees	0		
Auditing, actuarial and other consulting services	0		
Books & Subscriptions	1,595	3,038	1,929
Dues, Fees & Licenses	51	971	4,015
Education & Seminars	0	0	2,648
Meals & Entertainment	149	397	1,363
Office Supplies	924	1,533	1,804
Minor Equipment	0		
Travel	88	99	4,783
Wellness Program	0		
Leases & Rentals of equipment	0		
Repairs/Maintenance Agreements	0	52,851	387
Telephone/Beepers/Cellular Phones	0	0	140
Temp/Contract Personnel	24,933	52,473	14,801
Provision for Loss Contracts	0		
Risk Banding Reserve	0		
Program Run Out Expense	0		
State Admin Revenue	194,134	(14,292,822)	(16,660,565)
Miscellaneous Expense	(6,725,394)	(6,303,471)	(3,032,525)
Total DIRECT Expenses	(3,984,352)	(8,420,732)	(7,326,616)
Other ALLOCATED Expenses (Provide detail)			
Rent/Utilities	155,830	623,199	537,634
Printing	907	67,025	141,274
Postage	124,096	274,158	373,155
Legal Fees	(166,762)	142,550	745,164
Outside Services	728,964	2,364,908	743,642
Board & Committee Fees	(2,651)	95,293	170,130
Survey Fees	(83,531)	29,158	54,527
Telephone/Beepers/Cellular Phones	59,471	210,955	232,273
Books & Subscriptions	52,106	97,744	130,040
Minor Equipment	118,620	141,998	99,858
Computer Supplies	0	0	0
Dues, Fees & Licenses	18,404	134,119	229,951
Education & Seminars	21,612	71,989	35,637
Meals & Entertainment	7,072	27,882	30,659
Office Supplies	20,615	92,808	96,042
Travel	27,332	74,266	79,554
Miscellaneous Expense	20,395	170,522	158,185
Franchise, Excise & Property Taxes & Sales/Use Tax	(68,825)	84,085	139,083
Insurance	123,952	422,230	414,930
Leases & Rentals of equipment	17,978	98,157	128,625
Repairs/Maintenance Agreements	187,320	630,515	524,947
Relocation Expense Total	309	2,130	9,937
Training and Orientation Total	0	0	0
Temp/Contract Personnel	129,845	404,890	547,674
Covenant Management Fees	540,038	2,160,152	1,703,691
Total ALLOCATED Expenses	2,033,097	8,420,733	7,326,615
36. TOTAL ADMINISTRATION (Lines 31 to 36)	(1,951,254)	1	(0)
FIT & Excise Tax	0	0	2,209,893
37. Total Other Expenses:	0	0	2,209,893
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	(2,253,266)	(1,741,815)	1,343,273
39. NET INCOME (LOSS) (Line 4 less Line 38)	7,010,365	8,873,553	5,074,067

Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES

	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Member Months	350,530	1,498,890	1,585,507
REVENUES:			
1. TennCare Capitation	43,186,140	211,259,842	215,259,968
2. Investment	593,273	2,322,500	2,387,530
3. Other Revenue	0	655,716	0
State Admin Revenue	4,167,015	4,167,015	4,031,669
IBNR / Capitation Revenue Receivable	1,040,623	31,396,233	32,463,841
Premium Tax	885,361	3,206,410	3,325,980
4. TOTAL REVENUES (Lines 1 to 3)	49,872,412	253,007,716	257,468,988
EXPENSES:			
Medical and Hospital Services:			
5. Capitated Physician Services	95,510	1,082,369	1,455,699
6. Fee-For-Service Physician Services	4,628,330	23,650,807	24,758,072
7. Inpatient Hospital Services	24,699,892	141,358,665	144,301,186
8. Outpatient Services	16,148	68,002	61,435
9. Emergency Room Services	2,761,258	12,722,130	12,879,752
10. Mental Health Services	12,431	78,931	62,820
11. Dental Services (Capitated & FFS)	369	3,471	7,730
12. Vision Services (Capitated , FFS & Opthamology)	205,371	879,021	864,314
13. Pharmacy Services (Capitated & FFS)	(4,105)	(118,232)	(49,587)
14. Home Health Services	117,480	401,652	434,412
15. Chiropractic Services	0	0	0
16. Radiology Services	34,086	180,221	200,976
17. Laboratory Services	6,127,372	32,643,097	33,972,466
18. Durable Medical Equipment Services	1,447,603	8,520,223	7,805,932
19. Transportation Services (Capitated)	992,822	4,817,145	5,003,592
20. Outside Referrals	0	0	0
21. Medical Incentive Pool and Withhold Adjustments	0	0	0
22. Occupancy, Depreciation, and Amortization	0	0	0
23. Other Medical and Hospital Services (Provide Detail)			
Surgery - Orthopedic - FFS Office	0	0	0
MCO Delegated Services	0	0	0
Allergy & Immunology FFS Office & Other	1,814,251	7,636,968	6,216,562
Counselors/Therapists	0	0	0
Otolaryngology - FFS Office	414,397	1,494,984	1,455,865
Anesthesiology - FFS Hosp & Other	692,208	3,464,740	3,424,862
Gastroenterology	10,514	68,053	86,098
Preventive Medicine	769,413	3,362,278	3,335,487
Ped Emergency Medicine - FFS Hospital	0	0	0
Miscellaneous	26,886	136,318	952,934
IBNR	0	0	0
Risk Share	0		246,648
24. Subtotal (Lines 5 to 23)	44,862,236	242,450,843	247,477,255
25. Reinsurance Expenses Net of Recoveries	0	0	0
LESS:			
26. Copayments	0	0	0
27. Subrogation	236,293	741,975	533,153
27a Recoveries	698,004	1,868,340	1,129,987
28. Coordination of Benefits	0	0	0
29. Subtotal (Lines 26 to 28)	934,297	2,610,315	1,663,140
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	43,927,939	239,840,528	245,814,115

Report #2A (Continued): TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year to Date Total	Total
Administration: 31. Compensation (Including Allocated Costs) 2,014,893 32. Marketing (Including Allocated Costs) 1,158 33. Premium Tax Expense 964,819 34. Occupancy, Depreciation and Amortization (Including Allocated Costs) 206,462 35. Other Administration (Provide detail) 0 Printing 22,130 Rent/Utilities 0 Franchise, Excise & Property Taxes 0 Postage 75,839 Legal Fees 12,877 Liquidated Damages 0 Outside Services 106,352 Board & Committee Fees 0 Auditing, actuarial and other consulting services 0 Books & Subscriptions 1,595 Dues, Fees & Licenses 51 Education & Seminars 0 Meals & Entertainment 149 Office Supplies 924 Minor Equipment 0 Travel 88 Wellness Program 0 Leases & Rentals of equipment 0 Repairs/Maintenance Agreements 0 Telephone/Beepers/Cellular Phones 0 Temp/Contract Personnel 24,933 Provision for Loss Contracts 0 Risk Banding Reserve 0 Program Run Out Expense 0 State Admin 194,134 Miscellaneous Expense (6,725,392) Total DIRECT Expenses (3,098,988)			8,899,639 16,074 4,784,756 847,432 178,877 0 0 300,464 20,953 1,207,740 449,580 0 0 1,929 4,015 2,648 1,363 1,804 0 4,783 0 0 387 140 14,801 0 0 0 (16,660,565) (3,032,519) (2,955,699)
Other ALLOCATED Expenses (Provide detail) Rent/Utilities 155,830 Printing 907 Postage 124,096 Legal Fees (166,762) Outside Services 728,964 Board & Committee Fees (2,651) Survey Fees (83,531) Telephone/Beepers/Cellular Phones 59,471 Books & Subscriptions 52,106 Minor Equipment 118,620 Computer Supplies 0 Dues, Fees & Licenses 18,404 Education & Seminars 21,612 Meals & Entertainment 7,072 Office Supplies 20,615 Travel 27,332 Miscellaneous Expense 20,394 Franchise, Excise & Property Taxes & Sales/Use Tax (68,825) Insurance 123,952 Leases & Rentals of equipment 17,978 Repairs/Maintenance Agreements 187,320 Relocation Expense Total 309 Training and Orientation Total 0 Temp/Contract Personnel 129,845 Covenant Management Fees 540,038 Total ALLOCATED Expenses 2,033,096			537,634 141,274 373,155 745,164 743,642 170,130 54,527 232,273 130,040 99,858 0 229,951 35,637 30,659 96,042 79,554 158,185 139,083 414,930 128,625 524,947 9,937 0 547,674 1,703,691 7,326,612
36. TOTAL ADMINISTRATION (Lines 31 to 36)	(1,065,892)	4,293,635	4,370,914
FIT & Excise Tax 0			2,209,893
37. Total Other Expenses:	0	0	2,209,893
38. TOTAL EXPENSES (Lines 30 and 37 and 37A)	42,862,047	244,134,163	252,394,922
39. NET INCOME (LOSS) (Line 4 less Line 38)	7,010,365	8,873,553	5,074,067

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance		
2.	Net investment income	2,663,701	2,683,279
3.	Miscellaneous income	4,822,730	4,031,669
4.	Total (Lines 1 through 3)	7,486,431	6,714,948
5.	Benefit and loss related payments	3,352,825	(445,110)
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	4,442,703	1,723,081
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	7,795,528	1,277,971
11.	Net cash from operations (Line 4 minus 10)	(309,097)	5,436,977
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	17,600,252	19,014,257
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments	(3,259)	
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	17,596,993	19,014,257
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	15,530,259	30,169,646
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	15,530,259	30,169,646
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	2,066,734	(11,155,388)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)		
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,757,637	(5,718,411)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	40,995	5,759,406
19.2	End of year (Line 18 plus Line 19.1)	1,798,632	40,995

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income													
2.	Change in unearned premium reserves and reserve for rate credit													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues	4,822,730							4,822,730					X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	4,822,730							4,822,730					
8.	Hospital/medical benefits													X X X
9.	Other professional services	(997,145)							(997,145)					X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area													X X X
12.	Prescription drugs	(107,784)							(107,784)					X X X
13.	Aggregate write-ins for other hospital and medical	(636,887)							(636,887)					X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	(1,741,816)							(1,741,816)					X X X
16.	Net reinsurance recoveries													X X X
17.	Total hospital and medical (Lines 15 minus 16)	(1,741,816)							(1,741,816)					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$..... cost containment expenses													
20.	General administrative expenses													
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	(1,741,816)							(1,741,816)					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	6,564,546							6,564,546					
DETAILS OF WRITE-INS														
0501.	Other Revenue	655,716							655,716					X X X
0502.	State Admin Revenue	4,167,014							4,167,014					X X X
0503	.....													X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	4,822,730							4,822,730					X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Recoveries	(632,357)							(632,357)					X X X
1302.	Risk Share	(4,530)							(4,530)					X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	(636,887)							(636,887)					X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare	N O N E		.....	.....
7.	Title XIX - Medicaid .....			.....	.....
8.	Stop loss .....			.....	.....
9.	Disability income .....			.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	.....	.....	.....	.....
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

6

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	(741,816)							(741,816)					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	(741,816)							(741,816)					
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct													
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net													
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year													
6. Net healthcare receivables (a)													
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	1,000,000							1,000,000					
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	1,000,000							1,000,000					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year													
11. Amounts recoverable from reinsurers December 31, prior year													
12. Incurred benefits:													
12.1 Direct	(1,741,816)							(1,741,816)					
12.2 Reinsurance assumed													
12.3 Reinsurance ceded													
12.4 Net	(1,741,816)							(1,741,816)					
13. Incurred medical incentive pools and bonuses													

(a) Excludes \$...... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	(741,816)	.....	.....	.....	(741,816)	1,000,000
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	(741,816)	.....	.....	.....	(741,816)	1,000,000
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
13.	TOTALS (Lines 9 - 10 + 11 + 12)	(741,816)	.....	.....	.....	(741,816)	1,000,000

(a) Excludes \$..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	17,633	17,633	17,633	17,633	17,633
2.	2001	167,667	185,509	185,509	185,509	185,509
3.	2002	X X X	94,543	96,787	96,342	85,600
4.	2003	X X X	X X X			
5.	2004	X X X	X X X	X X X		
6.	2005	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	18,208	18,208	18,208	18,208	18,208
2.	2001	197,972	216,737	216,737	216,737	216,737
3.	2002	X X X	96,737	100,403	100,958	100,216
4.	2003	X X X	X X X			
5.	2004	X X X	X X X	X X X		
6.	2005	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001	204,781	185,510	5,336	2.876	190,846	93.195			190,846	93.195
2.	2002	110,159	96,342	5,273	5.473	101,615	92.244			101,615	92.244
3.	2003										
4.	2004										
5.	2005										

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	17,633	17,633	17,633	17,633	17,633
2.	2001	167,667	185,509	185,509	185,509	185,509
3.	2002	X X X	94,543	96,787	96,342	85,600
4.	2003	X X X	X X X			
5.	2004	X X X	X X X	X X X		
6.	2005	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	18,208	18,208	18,208	18,208	18,208
2.	2001	197,972	216,737	216,737	216,737	216,737
3.	2002	X X X	96,737	100,403	100,958	100,216
4.	2003	X X X	X X X			
5.	2004	X X X	X X X	X X X		
6.	2005	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001	204,781	185,510	5,336	2.876	190,846	93.195			190,846	93.195
2.	2002	110,159	96,342	5,273	5.473	101,615	92.244			101,615	92.244
3.	2003										
4.	2004										
5.	2005										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior					
2.	2001					
3.	2002					
4.	2003					
5.	2004					
6.	2005					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior					
2.	2001					
3.	2002					
4.	2003					
5.	2004					
6.	2005					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001										
2.	2002										
3.	2003										
4.	2004										
5.	2005										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)	6,732,000							6,732,000				
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$.....) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)	6,732,000							6,732,000				
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)	6,732,000							6,732,000				
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501												
0502												
0503												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101												
1102												
1103												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)			564,909		564,909
2.	Salaries, wages and other benefits	2,460,721	1,700,318	4,766,727		8,927,766
3.	Commissions (less \$..... ceded plus \$..... assumed)					
4.	Legal fees and expenses			189,090		189,090
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services	40,112	505,429	2,289,165		2,834,706
7.	Traveling expenses	21,378	495	52,492		74,364
8.	Marketing and advertising			1,981		1,981
9.	Postage, express and telephone	14,194	224,245	478,520		716,959
10.	Printing and office supplies	15,862	9,570	199,313		224,745
11.	Occupancy, depreciation and amortization			720,997		720,997
12.	Equipment	3,011	139	138,848		141,998
13.	Cost or depreciation of EDP equipment and software					
14.	Outsourced services including EDP, claims, and other services					
15.	Boards, bureaus and association fees	10,854		84,439		95,293
16.	Insurance, except on real estate			422,230		422,230
17.	Collection and bank service charges		13,493	2,592		16,085
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes			369,197		369,197
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes	165,680	115,535	329,163		610,379
23.5	Other (excluding federal income and real estate taxes)			84,085		84,085
24.	Investment expenses not included elsewhere				90,430	90,430
25.	Aggregate write-ins for expenses	(2,731,813)	(2,569,223)	(10,693,749)		(15,994,784)
26.	Total expenses incurred (Lines 1 to 25)		0	0	90,430	(a) 90,430
27.	Less expenses unpaid December 31, current year			5,246,539		5,246,539
28.	Add expenses unpaid December 31, prior year		30,000	9,805,245		9,835,245
29.	Amounts receivable relating to uninsured accident and health plans, prior year					
30.	Amounts receivable relating to uninsured accident and health plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..		30,000	4,558,706	90,430	4,679,136
DETAILS OF WRITE-INS						
2501.	Property & Franchise Taxes					
2502.	Dues/Fees/Licenses	27,769		107,271		135,039
2503.	Computer Supplies					
2598.	Summary of remaining write-ins for Line 25 from overflow page	(2,759,581)	(2,569,223)	(10,801,019)		(16,129,823)
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	(2,731,813)	(2,569,223)	(10,693,749)		(15,994,784)

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 1,308,324	..... 1,377,265
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 789,717	..... 944,264
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 33,449	..... 33,449
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 2,131,490	..... 2,354,978
11.	Investment expenses		(g)..... 90,430
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total deductions (Lines 11 through 15) .....		..... 90,430
17.	Net Investment income (Line 10 minus Line 16) .....		..... 2,264,548
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$......394,631 accrual of discount less \$......47,654 amortization of premium and less \$...... paid for accrued interest on purchases.			
(b) Includes \$...... accrual of discount less \$...... amortization of premium and less \$...... paid for accrued dividends on purchases.			
(c) Includes \$...... accrual of discount less \$...... amortization of premium and less \$...... paid for accrued interest on purchases.			
(d) Includes \$...... for company's occupancy of its own buildings; and excludes \$...... interest on encumbrances.			
(e) Includes \$...... accrual of discount less \$...... amortization of premium and less \$...... paid for accrued interest on purchases.			
(f) Includes \$...... accrual of discount less \$...... amortization of premium.			
(g) Includes \$...... investment expenses and \$...... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$...... interest on surplus notes and \$...... interest on capital notes.			
(i) Includes \$...... depreciation on real estate and \$...... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	..... (46,168)	.....	.....	..... (46,168)
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... 93,886	.....	.....	..... 93,886
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... 47,718	.....	.....	..... 47,718
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ...	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) ...	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software			
19.	Furniture and equipment, including health care delivery assets			
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivable from parent, subsidiaries and affiliates	36,464	36,464	0
22.	Health care and other amounts receivable			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	36,464	36,464	0
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	36,464	36,464	0
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	131,264	130,107	130,530	117,381	117,734	1,498,890
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	131,264	130,107	130,530	117,381	117,734	1,498,890
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

18 Exhibit 2 - Accident and Health Premiums NONE

19 Exhibit 3 - Health Care Receivables NONE

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
Individually Listed Claims Unpaid						
PHPT Medical Claims						
0199999 Total - Individually Listed Claims Unpaid						
0299999 Aggregate Accounts Not Individually Listed - Uncovered						
0399999 Aggregate Accounts Not Individually Listed - Covered						
0499999 Subtotals						
0599999 Unreported claims and other claim reserves						
0699999 Total Amounts Withheld						
0799999 Total Claims Unpaid						
0899999 Accrued Medical Incentive Pool and Bonus Amounts						

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
Preferred Health Partnership Inc. - I/C FIT Rec				36,464	36,464		
Cariten Health Plan	4,277					4,277	
0199999 Total - Individually listed receivables	4,277			36,464	36,464	4,277	
0299999 Receivables not inidividually listed							
0399999 Total gross amounts receivable	4,277			36,464	36,464	4,277	

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
Preferred Health Partnership Companies, Inc.	Corporate Payable	215,985	215,985	
0199999 Total - Individually listed payables	X X X	215,985	215,985	
0299999 Payables not individually listed	X X X			
0399999 Total gross payables	X X X	215,985	215,985	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

		1	2	3	4	5	6
Payment Method		Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:							
1.	Medical groups						
2.	Intermediaries						
3.	All other providers						
4.	Total capitation payments						
Other Payments:							
5.	Fee-for-service			X X X	X X X		
6.	Contractual fee payments	(741,816)	100.000	X X X	X X X	(64,433)	(677,383)
7.	Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8.	Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9.	Non-contingent salaries			X X X	X X X		
10.	Aggregate cost arrangements			X X X	X X X		
11.	All other payments			X X X	X X X		
12.	Total other payments	(741,816)	100.000	X X X	X X X	(64,433)	(677,383)
13.	Total (Line 4 plus Line 12)	(741,816)	100.000	X X X	X X X	(64,433)	(677,383)

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NONE					
9999999			X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures	N O N E		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Preferred Health Partnership of Tennessee, Inc. are presented on the basis of accounting practices prescribed or permitted by the NAIC Accounting Practices and Procedures manual and the state of Tennessee Department of Commerce and Insurance.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

The plan does not receive pemiums from the State; the plan does receive a monthly capitation check to pay for the claims and administrative expenses of the company. This capitation revenue is recognized as income in the period it is received, as it exceeds administrative expenses by direction of the TennCare Bureau. Expenses incurred in connection with aquring new insurance business are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds are stated at amoritized cost using the straight-line method.
- (3) Common stock is stated at par.
- (4) Not applicable
- (5) Not applicable
- (6) Not applicable
- (7) Not applicable
- (8) Not applicable
- (9) Not applicable
- (10) Anticipated investment income is not a factor in the premium deficiency calculations.
- (11) Liabilities for losses and loss/claim adjustment expenses include an amount determined based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods of making such estimates and for establishing the resulting liability is reviewed on a monthly basis and any adjustments are reflected in the period determined.
- (12) Not applicable
- (13) Not applicable

2. Accounting Changes and Corrections of Errors

A. No errors or changes in accounting principles have occurred.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

Not applicable

6. Joint Ventures, Partnerships, and Limited Liability Companies

Not applicable

7. Investment Income

All investment income due and accrued was admitted.

8. Derivative Instruments

Not applicable

9. Income Taxes

A-E The tax calculation is not available at this time.

- F. (1) The Plan's federal income tax return is consolidated with the following entities:
PHP Companies, Inc
Preferred Health Partnership, Inc.
Cariten Health Plan, Inc.

Notes to Financial Statement

Cariten Insurance Company

(2) Tax payments and the recoupment (in the event of future losses) of taxes paid pursuant to the tax allocation agreement are computed on a separate company basis as determined in accordance with the tax allocation agreement.

10. Information concerning Parent, Subsidiaries, and Affiliates

- A. The Plan is a wholly-owned subsidiary of PHP Companies, Inc., a holding company domiciled in the State of Tennessee. PHP Companies, Inc. is a wholly-owned subsidiary of Covenant Health, a non-profit organization domiciled in the State of Tennessee. The holding company group consist of the following companies: Preferred Health Partnership, Inc., Cariten Health Plan, Inc., Preferred Health Partnership of Tennessee, Inc., and Cariten Insurance Company.
- B. The Plan periodically transfers cash to the parent, PHP Companies, Inc., to reimburse for cost allocations and Plan expenses recorded on the Plan's behalf by the parent. The following amounts were transferred to the parent during 2005: (1) \$1,000,000 on 01/13/05 (2) \$750,000 on 01/28/05 (3) \$1,000,000 on 02/24/05 (4) \$1,000,000 on 04/18/05 (5) \$1,000,000 on 04/29/05 (6) \$1,000,000 on 05/13/05 (7) \$1,000,000 on 06/10/05 (8) \$1,000,000 on 06/29/05 (9) \$1,000,000 on 07/15/05 (10) \$1,000,000 on 07/28/05 (11) \$1,500,000 on 08/26/05 (12) \$1,250,000 on 09/12/05 (13) \$1,750,000 on 10/13/05 (14) \$1,500,000 on 11/30/05 (15) \$1,250,000 on 12/30/05.
- C. The Plan transferred \$17,000,000 to PHP Companies and PHP Companies transferred \$0.00 to the plan. Cost allocations received from the parent company totaled \$17,726,084. Plan expenses paid by the parent on behalf of the plan totaled \$921,044.24.
- D. As of December 31, 2005 the Plan has a payable to PHP Companies, Inc. in the amount of \$215,985 and a receivable from Preferred Health Partnership, Inc. in the amount of \$36,463.60 and a receivable from Cariten Health Plan, Inc. in the amount of \$4,277.
- E. Not applicable
- F. The parent company of the Plan accumulates operating costs and allocates these expenses monthly to the operating entities listed above. Allocations are based proportionally on the membership counts of the companies listed above with government program memberships doubled, due to higher administration costs.
- G-K. Not applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Post employment benefits and Compensated Absences and Other Postretirement Benefit Plans.

Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Plan has 1,000 shares of \$1 par common stock authorized and outstanding. All stock is owned by the parent company, PHP Companies, Inc.
- (2) Not applicable
- (3) No dividends are paid
- (4) Not applicable
- (5) No restrictions are placed on surplus.
- (6) Not applicable
- (7) No stock is held by the Company.
- (8) Not applicable
- (9) Surplus was reduced by \$75,168 due to nonadmitted assets.
- (10) Not applicable
- (11) Not applicable
- (12) Not applicable

14. Contingencies

Not applicable

15. Leases

STATEMENT AS OF December 31, 2005 OF THE Preferred Health Partnership of Tennessee, Inc.	
Notes to Financial Statement	
	Not applicable
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk	
	Not applicable
17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities	
	Not applicable
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans	
	Not applicable
19. Direct Premium Written/Produced by Managing General Agents/Third Party Adminstrators	
	Not applicable
20. September 11 Events	
	Not applicable
21. Other Items	
	Not applicable
22. Events Subsequent	
	Not applicable
23. Reinsurance	
	Not applicable
24. Retrospectively Rated Contracts & Contracts Subject to Redetermination	
	Not applicable
25. Change in Incurred Claims and Claim Adjustment Expenses	
	The reserve for incurred claims is calculated based on a percentage of completion factor. This factor is determined based on actuarial projections of trends in service.
26. Intercompany Pooling Arrangements	
	Not applicable
27. Structured Settlements	
	Not applicable
28. Health Care Receivables	
	Not applicable
29. Participating Policies	
	Not applicable
30. Premium Deficiency Reserves	
	As of December 31, 2005, the Company had liabilities of \$6,732,000 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.
31. Anticipated Salvage and Subrogation	
	Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	8,485,701	14.658	8,485,701	14.653
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies	24,447,299	42.230	24,447,299	42.216
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations	977,465	1.688	997,465	1.722
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations	22,181,510	38.316	22,181,510	38.303
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (including \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (including \$..... property acquired in satisfaction of debt)				
6.	Contract loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	1,798,632	3.107	1,798,632	3.106
9.	Other invested assets				
10.	Total invested assets	57,890,606	100.000	57,910,607	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2000
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2000
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/12/2002
- 3.4 By what department or departments?
Tennessee Department of Commerce & Insurance - TennCare Division
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..	.. Yes[] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Pershing, Yoakley, & Associates, One Perkins Place, 525 Portland St., Knoxville, TN 37919
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Mark S. Alhanti, Towers Perrin, One Alliance Center, 3500 Lenox Road, Suite 900, Atlanta, GA 30326-4238
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

\$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[X] No[] N/A[]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)
BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes☒ No☐
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes☒ No☐
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes☒ No☐

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes☐ No☒
- 17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$
\$
\$
\$
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes☐ No☒
- 18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

18.22 Amount paid as expenses

18.23 Other amounts paid

\$
\$
\$
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes☒ No☐
- 19.2 If yes, indicate any amounts receivable from parent included in the page 2 amount:

\$ 4,277

INVESTMENT

- 20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes☐ No☒
- 20.2 If no, give full and complete information, relating thereto:
Northern Trust P.O. Box 75986, Chicago, IL 60675-5986
- 21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes☐ No☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$
\$
- 21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes☐ No☒
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes☐ No☐ N/A☒
- 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes☐ No☒
- 23.2 If yes, state the amount thereof at December 31 of the current year.

\$
24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes☒ No☐
- 24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Northern Trust Company	PO Box 75986, Chicago, IL 60675-5986
First Tennessee Bank	Box 84 Safekeeping M-Level, Memphis, TN 38101
- 24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....
- 24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes☐ No☒

GENERAL INTERROGATORIES (Continued)

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

24.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
108718	Martin and Company	Two Centre Square, Suite 200 625 S. Gay St., Knoxville, TN 37902-1669

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999 Total

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

26. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds
26.2 Preferred stocks
26.3 Totals

26.4 Describe the sources of methods utilized in determining the fair values

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 201,863
28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Mercer Oliver Wyman Consulting .....	..... 201,863

29.1 Amount of payments for legal expenses, if any? \$..... 474,119
29.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Wagner, Myers, & Sanger, PC .....	..... 349,415

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$..... 11,687
30.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
McMahan Winstead .....	..... 11,687

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:

\$
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:

\$
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:

\$
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	.....
2.2	Premium Denominator .....	.....	.....
2.3	Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4	Reserve Numerator .....	.....	1,000,000
2.5	Reserve Denominator .....	.....	1,000,000
2.6	Reserve Ratio (2.4 / 2.5) .....	.....	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[] No[X]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):

\$
- 5.31 Comprehensive Medical

\$
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
All provider agreements contain an insolvency clause which states that the provider agrees that in no event, including insolvency, shall the provider bill, charge, solicit, collect a deposit from, seek compensation, remuneration, or reimbursement from, or have any recourse against beneficiaries or persons other than Preferred Health Partnership of TN for contracted services provided pursuant to the agreement.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 4,688
- 8.2 Number of providers at end of reporting year

..... 5,062
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[] No[X]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.
Tennessee
- 11.4 If yes, show the amount required.

\$ 7,247,122
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.
Based on total premium of \$233,141,443.33 (\$150,000,000 x 4.00% = \$6,000,000 plus \$83,141,443.33 x 1.50% = \$1,247,121.65)
12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Hamilton CSA
East TN CSA
Southeast CSA
Knox CSA
First Tennessee CSA

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	58,778,608	62,005,506	59,027,669	77,801,546	90,186,766
2. Total liabilities (Page 3, Line 22)	23,683,129	35,744,876	37,841,106	62,390,090	71,904,218
3. Statutory surplus	7,247,122	7,338,566	7,694,827	7,051,698	6,821,720
4. Total capital and surplus (Page 3, Line 31)	35,095,479	26,260,630	21,186,563	17,929,640	18,282,548
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	4,822,730	4,031,669	1,444,871	109,977,814	206,607,052
6. Total medical and hospital expenses (Line 18)	(1,741,816)	(866,620)	549,176	84,622,772	188,217,010
7. Claims adjustment expenses (Line 20)					
8. Total administrative expenses (Line 21)				25,094,419	19,930,506
9. Net underwriting gain (loss) (Line 24)	6,564,546	4,898,289	895,695	(5,012,557)	(6,876,106)
10. Net investment gain (loss) (Line 27)	2,309,007	2,385,671	3,614,841	4,659,647	4,802,118
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	8,873,553	5,074,067	3,214,571	(352,910)	(2,073,988)
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	35,095,479	26,260,630	21,186,563	17,929,640	18,282,548
14. Authorized control level risk-based capital	62,541	104,509	762,662	4,409,803	8,998,561
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	117,734	131,264	131,008	131,280	117,787
16. Total members months (Column 6, Line 7)	1,498,890	1,585,507	1,576,120	1,411,276	1,314,549
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19) ..					
19. Cost containment expenses			X X X	X X X	X X X
20. Other claims adjustment expenses					
21. Total underwriting deductions (Line 23)			281	105	104
22. Total underwriting gain (loss) (Line 24)			458	(5)	(3)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)	(741,816)	554,890	3,665,953	18,765,463	18,207,081
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	1,000,000	1,421,510	3,116,777	30,879,480	27,962,312
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 1253

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Company Code 95749

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	131,264								131,264				
2. First Quarter	130,107								130,107				
3. Second Quarter	130,530								130,530				
4. Third Quarter	117,381								117,381				
5. Current Year	117,734								117,734				
6. Current Year Member Months	1,498,890								1,498,890				
Total Member Ambulatory Encounters for Year:													
7. Physician	1,052,919								1,052,919				
8. Non-Physician	577,652								577,652				
9. Total	1,630,571								1,630,571				
10. Hospital Patient Days Incurred	45,948								45,948				
11. Number of Inpatient Admissions	11,861								11,861				
12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	(741,816)								(741,816)				
18. Amount Incurred for Provision of Health Care Services	(1,741,816)								(1,741,816)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 1253

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 95749

30 Grand Total

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	131,264								131,264				
2. First Quarter	130,107								130,107				
3. Second Quarter	130,530								130,530				
4. Third Quarter	117,381								117,381				
5. Current Year	117,734								117,734				
6. Current Year Member Months	1,498,890								1,498,890				
Total Member Ambulatory Encounters for Year:													
7. Physician	1,052,919								1,052,919				
8. Non-Physician	577,652								577,652				
9. Total	1,630,571								1,630,571				
10. Hospital Patient Days Incurred	45,948								45,948				
11. Number of Inpatient Admissions	11,861								11,861				
12. Health Premiums Written													
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned													
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	(741,816)								(741,816)				
18. Amount Incurred for Provision of Health Care Services	(1,741,816)								(1,741,816)				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

SCHEDULE A - VERIFICATION BETWEEN YEARS
Real Estate

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 12	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	

SCHEDULE B - VERIFICATION BETWEEN YEARS
Mortgage Loans

1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	

SCHEDULE BA - VERIFICATION BETWEEN YEARS
Long-Term Invested Assets

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	32,932,999	32,542,963	33,264,378	32,851,936
	2.	Canada				
	3.	Other Countries				
	4.	Totals	32,932,999	32,542,963	33,264,378	32,851,936
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States	977,465	947,690	975,000	1,000,000
	10.	Canada				
	11.	Other Countries				
	12.	Totals	977,465	947,690	975,000	1,000,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	22,181,510	21,300,355	22,560,625	20,740,000
	22.	Canada				
	23.	Other Countries				
	24.	Totals	22,181,510	21,300,355	22,560,625	20,740,000
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	56,091,974	54,791,008	56,800,003	54,591,936
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	56,091,974	54,791,008	56,800,003	

SCHEDULE D - Verification Between Years
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>58,499,929</u>	7. Amortization of premium.	<u>394,631</u>
2. Cost of bonds and stocks acquired, Column 7, Part 3.	<u>15,530,259</u>	8. Foreign Exchange Adjustment:	
3. Accrual of discount	<u>47,654</u>	8.1 Column 15, Part 1.	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1.	
4.1 Columns 12 - 14, Part 1.	<u>(38,704)</u>	8.3 Column 16, Part 2, Section 2.	
4.2 Column 15 - 17, Part 2, Section 1.		8.4 Column 15, Part 4.	
4.3 Column 15, Part 2, Section 2.			
4.4 Column 11 - 13, Part 4.	<u>(38,704)</u>	9. Book/adjusted carrying value at end of current period.	<u>56,091,973</u>
5. Total gain (loss), Column 19, Part 4.	<u>47,718</u>	10. Total valuation allowance.	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10).	<u>56,091,973</u>
Column 7, Part 4.	<u>17,600,252</u>	12. Total nonadmitted assets.	
		13. Statement value of bonds and stocks, current period.	<u>56,091,973</u>

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Class 1	7,264,347	13,251,259	12,417,393			32,932,999	57.13	37,499,823	64.10	32,932,999	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	7,264,347	13,251,259	12,417,393			32,932,999	57.13	37,499,823	64.10	32,932,999	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1		977,465				977,465	1.70			977,465	
4.2	Class 2								1,000,000	1.71		
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS		977,465				977,465	1.70	1,000,000	1.71	977,465	
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1											
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS											
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1	7,429,472	4,617,712	9,560,171			21,607,355	37.48	15,442,509	26.40	21,607,355	
7.2	Class 2	804,578		648,665			1,453,243	2.52	4,557,597	7.79	1,453,243	
7.3	Class 3		677,229				677,229	1.17			677,229	
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS	8,234,050	5,294,941	10,208,836			23,737,827	41.18	20,000,106	34.19	23,737,827	
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1	14,693,819	18,846,436	21,977,564			55,517,819	96.30	X X X	X X X	55,517,819	
10.2	Class 2	804,578		648,665			1,453,243	2.52	X X X	X X X	1,453,243	
10.3	Class 3		677,229				677,229	1.17	X X X	X X X	677,229	
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS	15,498,397	19,523,665	22,626,229			(b) 57,648,291	100.00	X X X	X X X	57,648,291	
10.8	Line 10.7 as a % of Column 6	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1	10,039,235	28,957,333	13,945,764			X X X	X X X	52,942,332	90.50	52,942,332	
11.2	Class 2	782,707	1,563,919	2,562,453	648,517		X X X	X X X	5,557,597	9.50	5,557,596	
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS	10,821,942	30,521,252	16,508,217	648,517		X X X	X X X	(b) 58,499,929	100.00	58,499,928	
11.8	Line 11.7 as a % of Col. 8	18.50	52.17	28.22	1.11		X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1	14,693,819	18,846,436	21,977,564			55,517,819	96.30	52,942,332	90.50	55,517,819	X X X
12.2	Class 2	804,578		648,665			1,453,243	2.52	5,557,596	9.50	1,453,243	X X X
12.3	Class 3		677,229				677,229	1.17			677,229	X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS	15,498,397	19,523,665	22,626,229			57,648,291	100.00	58,499,928	100.00	57,648,291	X X X
12.8	Line 12.7 as a % of Col. 6	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$..... current year, \$..... prior year of bonds with 5* designations and \$..... current year, \$..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations	7,264,347	13,251,259	12,417,393			32,932,999	57.13	37,499,823	64.10	32,932,999	
1.2	Single Class Mortgage-Backed/Asset-Backed Securities											
1.7	TOTALS	7,264,347	13,251,259	12,417,393			32,932,999	57.13	37,499,823	64.10	32,932,999	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Securities											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Securities											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations		977,465				977,465	1.70	1,000,000	1.71	977,465	
4.2	Single Class Mortgage-Backed/Asset-Backed Securities											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS		977,465				977,465	1.70	1,000,000	1.71	977,465	
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Securities											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	8,234,050	5,294,941	10,208,836			23,737,827	41.18	20,000,106	34.19	23,737,827	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS	8,234,050	5,294,941	10,208,836			23,737,827	41.18	20,000,106	34.19	23,737,827	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (Continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations	15,498,397	19,523,665	22,626,229			57,648,291	100.00	X X X	X X X	57,648,291	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	15,498,397	19,523,665	22,626,229			57,648,291	100.00	X X X	X X X	57,648,291	
10.8 Line 10.7 as a % of Column 6	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	10,821,942	30,521,252	16,508,217	648,517		X X X	X X X	58,499,929	100.00	58,499,928	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS	10,821,942	30,521,252	16,508,217	648,517		X X X	X X X	58,499,929	100.00	58,499,928	
11.8 Line 11.7 as a % of Column 8	18.50	52.17	28.22	1.11		X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	15,498,397	19,523,665	22,626,229			57,648,291	100.00	58,499,928	100.00	57,648,291	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	15,498,397	19,523,665	22,626,229			57,648,291	100.00	58,499,928	100.00	57,648,291	X X X
12.8 Line 12.7 as a % of Column 6	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	26.88	33.87	39.25			100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

SCHEDULE DA - PART 2
Verification of SHORT-TERM INVESTMENTS Between Years

		1	2	3	4	5
		Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1.	Book/adjusted carrying value, prior year .....	.....	.....	.....	.....	.....
2.	Cost of short-term investments acquired	7,277,458	7,277,458	.....	.....	.....
3.	Increase (decrease) by adjustment	(62,058)	(62,058)	.....	.....	.....
4.	Increase (decrease) by foreign exchange adjustment .....	.....	.....	.....	.....	.....
5.	Total profit (loss) on disposal of short-term investments	(3,259)	(3,259)	.....	.....	.....
6.	Consideration received on disposal of short-term investments	5,655,823	5,655,823	.....	.....	.....
7.	Book/adjusted carrying value, current year	1,556,318	1,556,318	.....	.....	.....
8.	Total valuation allowance .....	.....	.....	.....	.....	.....
9.	Subtotal (Lines 7 plus 8)	1,556,318	1,556,318	.....	.....	.....
10.	Total nonadmitted amounts .....	.....	.....	.....	.....	.....
11.	Statement value (Lines 9 minus 10)	1,556,318	1,556,318	.....	.....	.....
12.	Income collected during year	34,025	34,025	.....	.....	.....
13.	Income earned during year	50,624	50,624	.....	.....	.....

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

40	Schedule DB Part A Verification	NONE
40	Schedule DB Part B Verification	NONE
41	Schedule DB Part C Verification	NONE
41	Schedule DB Part D Verification	NONE
41	Schedule DB Part E Verification	NONE
42	Schedule DB Part F Sn 1 - Sum Replicated Assets	NONE
43	Schedule DB Part F Sn 2 - Recon Replicated Assets	NONE
44	Schedule S - Part 1 - Section 2	NONE
45	Schedule S - Part 2	NONE
46	Schedule S - Part 3 - Section 2	NONE
47	Schedule S - Part 4	NONE
48	Schedule S - Part 5	NONE
49	Schedule S - Part 6	NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	No ..	No ..						
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	No ..						
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	Yes ..						
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	Subtotal	X X X ..	X X X ..						
59.	Reporting entity contributions for Employee Benefit Plans	X X X ..	X X X ..						
60.	TOTAL (Direct Business)	X X X ..	(a)..... 1						
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X ..	X X X ..						

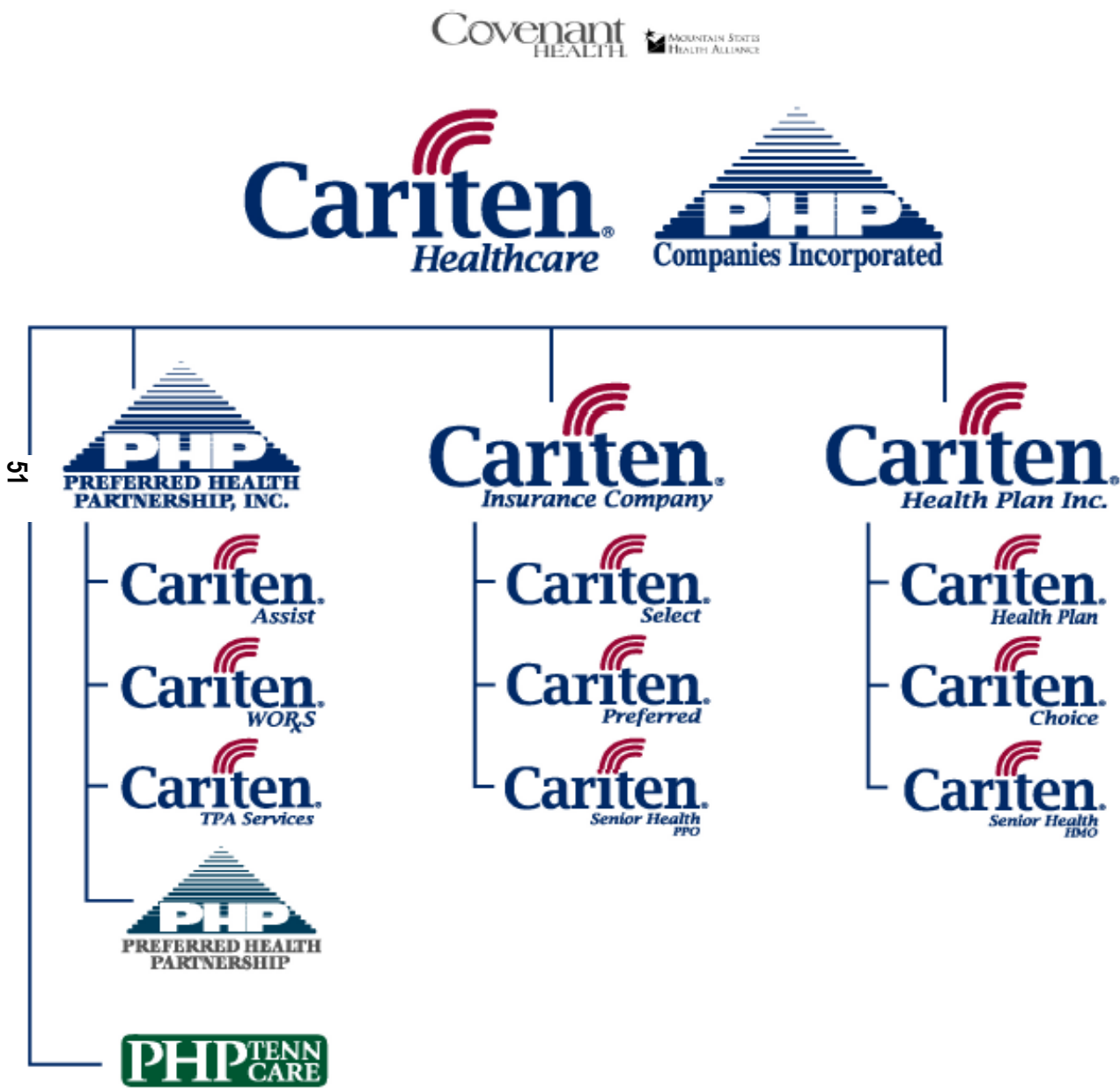
(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE T - PART 2
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES

		Direct Business only					
		1	2	3	4	5	6
		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
States, Etc.							
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)						
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)						
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)						
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)						
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)						
55.	U.S. Virgin Islands (VI)						
56.	Canada (CN)						
57.	Aggregate other alien (OT)						
58.	TOTALS						

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SCHEDULE Y (Continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
..... 95749 ..	.. 62-1552091 62-1546662 ..	PHP Companies, Inc. Preferred Health Partnership of Tennesse .....	.....	.....	.....	.....	.. (17,726,084) ... 17,726,084	.....	.....	.....	.. (17,726,084) ... 17,726,084	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

**SUPPLEMENTAL EXHIBITS AND SCHEDULES
INTERROGATORIES**

	Response
The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.	
MARCH FILING	
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
2. Will an actuarial opinion be filed by March 1?	Yes
3. Will the Risk-based Capital Report be filed with the NAIC by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	Yes
6. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
7. Will an audited financial report be filed by June 1?	Yes

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	
8. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
9. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	No
10. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	No
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	No
APRIL FILING	
12. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
13. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	No
14. Will the Supplemental Property/Casualty data due April 1 be filed with the state of domicile and the NAIC?	No

Explanations:

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



957492005360000002005Document Code: 360

Health Life Supplement



957492005205000002005Document Code: 205

Health Property / Casualty Supplement



957492005207000002005Document Code: 207

Schedule SIS



957492005420000002005Document Code: 420

LTC Experience Reporting Form C



957492005330000002005Document Code: 330

Health Life Supplement



957492005205000002005Document Code: 205

Health Property / Casualty Supplement



957492005207000002005Document Code: 207

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
2104.
2197. Summary of remaining write-ins for Line 21 (Lines 2104 through 2196)

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
2504. Education & Seminars	7,113	2,133	62,743	.....	71,989
2505. Meals & Entertainment	4,852	457	22,970	.....	28,279
2506. Office Supplies .....	.....	.....	.....	.....	.....
2507. Training & Orientation .....	.....	.....	.....	.....	.....
2508. Wellness Program	27	.....	8,002	.....	8,028
2509. Liquidated Damages .....	.....	.....	600,000	.....	600,000
2510. Books & Subscriptions	62,320	5,773	32,688	.....	100,782
2511. Leases & Rentals .....	.....	5,922	92,235	.....	98,157
2512. Repairs .....	.....	.....	114	.....	114
2513. Temp/Contract Personnel	226,910	49,990	180,462	.....	457,363
2514. Miscellaneous Expense	195,814	567	(6,299,787)	.....	(6,103,406)
2515. Corporate Management Fee Revenue .....	.....	.....	.....	.....	.....
2516. Corporate Management Fee Expense .....	.....	.....	.....	.....	.....
2517. Covenant Mgmt Fee .....	.....	.....	2,160,152	.....	2,160,152
2518. Covenant MIS Direct Fee .....	.....	.....	.....	.....	.....
2519. Risk Banding Reserve .....	.....	.....	.....	.....	.....
2520. Provision for Loss Contracts .....	.....	.....	.....	.....	.....
2521. Utilities .....	.....	.....	58,289	.....	58,289
2522. Maintenance Agreements .....	.....	67,240	616,012	.....	683,252
2523. State Admin Revenue	(3,256,619)	(2,701,306)	(8,334,898)	.....	(14,292,822)
2597. Summary of overflow write-ins for Line 25	(2,759,581)	(2,569,223)	(10,801,019)	.....	(16,129,823)

E01 Schedule A - Part 1 Real Estate Owned NONE

E02 Schedule A - Part 2 Real Estate Acquired NONE

E03 Schedule A - Part 3 Real Estate Sold NONE

E04 Schedule B - Part 1 Mortgage Loans Owned NONE

E05 Schedule B - Part 2 Mortgage Loans Sold NONE

E06 Schedule BA - Part 1 Invested Assets Owned NONE

E07 Schedule BA - Part 2 Invested Assets Sold NONE

SCHEDULE D - PART 1
Showing all Long-Term BONDS Owned December 31 of Current Year

E08

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates			
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22		
																						F O R E I G N	B O N D C H A R
CUSIP Identi- fication	Description	*																					
U.S. Governments - Issuer Obligations																							
665278107	NORTHERN INSTL FDS				1	196,936	100.0000	196,936	196,936	196,936						3.973	MON	4,468	14,051	12/01/2004	12/31/2005		
912828AN0	US TREAS NTS				1	101,226	97.5080	97,508	100,000	100,529		(288)			3.000	NM	500	2,712	07/31/2003	11/15/2007			
912828AZ3	US TREAS NTS				1	200,000	96.0630	192,196	200,000	200,000				2.625	MN	875	5,250	04/19/2004	05/15/2008				
912828CE8	US TREAS NTS				1	2,210,963	96.2030	2,164,568	2,250,000	2,223,324		7,808		3.125	AO	17,578	78,120	06/08/2004	04/15/2009				
3133X7C51	FHLB TRANCHE				1FE	2,012,758	100.0000	2,006,804	2,000,000	2,006,804		(5,103)		3.500	MN	8,750	64,897	11/12/2004	05/15/2007				
3134A4TE4	FHLMC				1FE	3,037,968	97.3843	2,921,529	3,000,000	3,017,020		(7,855)		2.750	MS	24,063	74,645	05/29/2003	03/15/2008				
3134A0TG7	FHLMC GLOBAL BD				1FE	2,768,374	100.0521	2,906,514	2,905,000	2,905,000		13,894		5.950	6.244	JJ	77,301	186,742	03/15/1996	01/19/2006			
31359MHB2	FNMA				1FE	1,746,342	100.1100	1,651,815	1,650,000	1,652,240		(26,886)		5.500	5.197	FA	34,031	63,864	07/17/2002	02/15/2006			
3133MDJP9	FHLB FED HOME LN BK				1FE	2,596,625	100.0778	2,501,945	2,500,000	2,510,171		(61,026)		5.125	4.934	MS	40,573	67,099	08/02/2004	03/06/2006			
31359MGH0	FNMA				1FE	3,313,125	103.1634	3,094,902	3,000,000	3,173,043		(98,882)		6.625	5.999	OA	41,406	99,868	08/19/2004	10/15/2007			
912828AZ3	US TREAS NTS				1FE	982,969	96.0625	960,625	1,000,000	988,910		4,753		2.625	2.670	MN	3,281	31,003	10/04/2004	05/15/2008			
3133X0LJ6	FHLB				1FE	1,001,571	97.6250	976,250	1,000,000	1,001,082		(419)		3.750	3.744	AF	14,063	26,039	11/30/2004	08/15/2008			
912828ED8	US TREASURY				1	540,203	99.0156	544,586	550,000	540,547		344		4.125	4.200	AF	8,446	344	11/03/2005	08/15/2010			
31359MMF7	FNMA PREASSIGN		1		1FE	2,641,016	100.1880	2,504,700	2,500,000	2,594,442		(15,525)		5.625	5.325	FA	47,656	125,100	01/22/2003	02/28/2012			
31359MNU3	FNMA				1	1,516,466	100.9592	1,514,388	1,500,000	1,511,118		(1,689)		5.250	5.193	AF	32,594	77,061	11/21/2002	08/01/2012			
31359MQV8	FNMA PREASSIGN		1		1FE	1,053,339	98.7898	1,037,293	1,050,000	1,052,422		(340)		4.750	4.735	FA	25,789	49,535	04/10/2003	02/21/2013			
3128X2TM7	FHLMC TRANCHE				1	991,710	98.5615	985,615	1,000,000	992,042		331		5.000	5.050	JJ	27,500	332	09/26/2005	01/30/2014			
3128X2TM7	FHLMC TRANCHE				1	1,235,863	98.5615	1,232,019	1,250,000	1,236,291		428		5.000	5.050	JJ	11,458	428	10/21/2005	01/30/2014			
31359MWJ8	FNMA PREASSIGN		1		1FE	698,488	98.8215	592,929	600,000	598,687		150		4.625	4.637	OA	5,781	27,900	09/15/2004	10/15/2014			
912828DM9	US TREAS NT				1	2,705,273	96.9531	2,763,163	2,850,000	2,717,435		12,162		4.000	4.164	FA	42,750	55,935	03/23/2005	02/15/2015			
912828DM9	US TREAS NT				1	1,228,906	96.9531	1,211,914	1,250,000	1,230,007		1,101		4.000	4.164	FA	18,750	4,692	07/19/2005	02/15/2015			
912828DM9	US TREAS NT				1	484,258	96.9531	484,766	500,000	484,948		690		4.000	4.164	FA	7,500	967	08/08/2005	02/15/2015			
0199999	Subtotal - U.S. Governments - Issuer Obligations					33,264,378	X X X	32,542,963	32,851,936	32,932,999		(176,353)		X X X	X X X	X X X	495,113	1,056,584	X X X	X X X			
0399999	Subtotal - U.S. Governments					33,264,378	X X X	32,542,963	32,851,936	32,932,999		(176,353)		X X X	X X X	X X X	495,113	1,056,584	X X X	X X X			
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations																							
880557G98	TN ST SCH BD AUTH				1FE	975,000	97.1990	947,690	1,000,000	977,465		2,465		4.190	4.190	MN	6,867	16,990	06/08/2005	05/01/2011			
1899999	Subtotal - Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed) - Issuer Obligations					975,000	X X X	947,690	1,000,000	977,465		2,465		X X X	X X X	X X X	6,867	16,990	X X X	X X X			
2499999	Subtotal - Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)					975,000	X X X	947,690	1,000,000	977,465		2,465		X X X	X X X	X X X	6,867	16,990	X X X	X X X			
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																							
254687AM8	DSINEY WALT CO				2FE	836,624	100.4768	803,814	800,000	804,578		(27,468)		6.750	6.455	MS	13,500	17,082	11/30/2004	03/30/2006			
319963AE4	1ST DATA CORP SR NT				1	1,591,980	99.8640	1,497,960	1,500,000	1,519,995		(23,995)		4.700	4.428	NM	11,554	46,505	01/08/2003	11/01/2006			
90331HHW6	US BK NATL ASSN CIN OH				1	1,239,888	98.3498	1,219,538	1,240,000	1,239,969		37		2.850	2.850	NM	4,418	35,377	11/04/2003	11/15/2006			
073902BZ0	BEAR STEARNS GOS INC				1	492,335	100.7927	503,964	500,000	498,414		1,586		5.700	5.789	JJ	13,063	30,086	03/25/2002	01/15/2007			
345397TX1	FORD MTR CO				3FE	739,851	96.7470	677,229	700,000	677,229	(38,704)	(15,940)		6.500	6.150	JJ	19,590	29,560	07/08/2004	01/25/2007			
02003EAD4	PVTPPL ALLSTATE LIFE GLOBAL				1FE	749,738	96.9140	749,183	750,000	749,899		81		2.625	2.626	AO	4,102	19,768	01/13/2004	04/15/2007			
46625HAP5	JPMORGAN CHASE & CO				1FE	1,066,580	100.4531	100,453	1,000,000	1,025,982		(11,367)		5.250	4.922	MN	4,375	14,883	06/29/2005	05/30/2007			
49306BNC3	KEY BK				1FE	729,162	99.9878	699,915	700,000	714,573		(9,721)		5.000	4.800	JJ	15,847	25,279	07/09/2004	07/17/2007			
867914AQ6	SUNTRUST BKS INC				1FE	813,465	102.9807	772,355	750,000	790,011		(16,556)		6.250	5.762	JD	3,776	30,319	08/04/2004	06/01/2008			
33738MAC5	1ST UN NATL BK CHARLOTTE				1FE	820,576	102.6353	821,082	800,000	820,004		(572)		5.800	5.655	DJ	3,738	(572)	12/09/2005	12/09/2005			
22237LHE5	COUNTRYWIDE HOME LNS				1FE	773,070	103.1173	773,380	750,000	772,493		(577)		6.250	6.063	DJ	9,766	(577)	12/21/2005	12/21/2005			
172967CH2	CITIGROUP INC				1FE	768,992	96.2746	770,197	800,000	769,808		816		3.625	3.771	DJ	11,358	816	12/12/2005	12/12/2005			
40429CCX8	PVTPPL HSBC FIN CORP				1FE	750,900	100.0512	750,384	750,000	750,885		(15)		5.250	5.244	DJ	3,391	(15)	12/21/2005	12/21/2005			
38141GAZ7	GOLDMAN SACHS GROUP INC				1	1,139,340	107.7272	1,077,272	1,000,000	1,089,897		(17,979)		6.875	6.034	JJ	31,510	50,771	04/03/2003	01/15/2011			
758940AF7	REGIONS FINANCIAL CORP NT				1FE	2,513,850	109.2980	2,732,450	2,500,000	2,507,216		(1,397)		7.000	6.961	MN	57,847	173,603	04/25/2001	03/01/2011			
949746CE9	WELLS FARGO & CO				1FE	1,071,670	107.1848	1,071,848	1,000,000	1,068,598		(3,072)		6.375	5.949	AF	26,385	(3,072)	10/20/2005	08/01/2011			
110122AG3	BRISTOL MYERS SQUIBB CO				1FE	790,838	103.7790	774,584	750,000	782,765		(5,698)		5.750	5.453	OA	10,661	37,427	08/05/2004	10/01/2011			
22541LAB9	CR SUISSE 1ST BSTN USA INC				1FE	541,615	104.9742	524,871	500,000	537,347		(4,268)		6.125									

SCHEDULE D - PART 1
Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
		*	F O R E I G N	Bond CHAR			Rate Used to Obtain Fair Value	Fair Value			Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	How Paid	Admitted Amount Due and Accrued	Gross Amount Received During Year	Acquired	Maturity
5499999 Subtotals - Issuer Obligations						56,800,003	X X X ..	54,791,009	54,591,936	56,091,974	(38,704)	(346,699)			X X X .	X X X .	X X X	829,616	1,785,115	X X X ..	X X X ..
6099999 Grand Total - Bonds						56,800,003	X X X ..	54,791,009	54,591,936	56,091,974	(38,704)	(346,699)			X X X .	X X X .	X X X	829,616	1,785,115	X X X ..	X X X ..

E09 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned NONE

E10 Schedule D - Part 2 Sn 2 Common Stocks Owned NONE

SCHEDULE D - PART 3
Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
665278107	NORTHERN TRUST MM		01/01/2005 ..	NORTHERN TRUST	X X X	147,763	147,763.32	
912828DM9	US TREAS NT		03/23/2005 ..	NORTHERN TRUST	X X X	2,705,273	2,850,000.00	13,227
912828DM9	US TREAS NT		07/19/2005 ..	NORTHERN TRUST	X X X	1,228,906	1,250,000.00	21,409
912828DM9	US TREAS NT		08/08/2005 ..	NORTHERN TRUST	X X X	484,258	500,000.00	9,724
3128X2TM7	FHLMC TRANCHE		09/26/2005 ..	NORTHERN TRUST	X X X	991,710	1,000,000.00	7,917
3128X2TM7	FHLMC TRANCHE		10/21/2005 ..	NORTHERN TRUST	X X X	1,235,863	1,250,000.00	14,583
912828ED8	US TREASURY		11/03/2005 ..	NORTHERN TRUST	X X X	540,203	550,000.00	5,610
0399999 Subtotal - Bonds - U.S. Governments						7,333,976	7,547,763.32	72,469
Bonds - States, Territories and Possessions								
880557G98	TN ST SCH BD AUTH		06/08/2005 ..	NORTHERN TRUST	X X X	975,000	1,000,000.00	2,497
1799999 Subtotal - Bonds - States, Territories and Possessions						975,000	1,000,000.00	2,497
Bonds - Industrial and Miscellaneous (Unaffiliated)								
22541LAB9	CR SUISSE 1ST BSTN USA INC		05/24/2005 ..	NORTHERN TRUST	X X X	541,615	500,000.00	1,021
46625HAP5	JPMORGAN CHASE & CO		06/29/2005 ..	NORTHERN TRUST	X X X	1,066,580	1,000,000.00	
22541LAB9	CR SUISSE 1ST BSTN USA INC		06/29/2005 ..	NORTHERN TRUST	X X X	261,208	250,000.00	
00209TAA3	AT&T BROADBAND CORP		06/29/2005 ..	NORTHERN TRUST	X X X	613,730	500,000.00	
949746CE9	WELLS FARGO & CO		10/20/2005 ..	NORTHERN TRUST	X X X	1,071,670	1,000,000.00	14,875
33738MAC5	1ST UN NATL BK CHARLOTTE		12/09/2005 ..	NORTHERN TRUST	X X X	820,576	800,000.00	1,676
172967CH2	CITIGROUP INC		12/12/2005 ..	NORTHERN TRUST	X X X	768,992	800,000.00	10,150
22237LHE5	COUNTRYWIDE HOME LNS		12/21/2005 ..	NORTHERN TRUST	X X X	773,070	750,000.00	9,375
40429CCX8	PVTPL HSBC FIN CORP		12/21/2005 ..	NORTHERN TRUST	X X X	750,900	750,000.00	3,063
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						6,668,341	6,350,000.00	40,159
6099997 Subtotal - Bonds - Part 3						14,977,317	14,897,763.32	115,125
6099998 Summary item from Part 5 for Bonds						552,943	550,000.00	2,338
6099999 Subtotal - Bonds						15,530,259	15,447,763.32	117,462
6599998 Summary Item from Part 5 for Preferred Stocks							X X X	
7299998 Summary Item from Part 5 for Common Stocks							X X X	
7399999 Subtotal - Preferred and Common Stocks							X X X	
7499999 Totals						15,530,259	X X X	117,462

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest Stock Dividends Received During Year	Maturity Date
Bonds - U.S. Governments																				
31359MFH1	FNMA		02/15/2005	MATURED	X X X	4,200,000	4,200,000.00	4,613,700	4,210,090		(10,090)		(10,090)		4,200,000		0	0	139,535	02/15/2005
3134A4UH5	FHLMC DEB		06/16/2005	NORTHERN TRUST	X X X	994,320	1,000,000.00	999,180	999,453		273		273		999,727		(5,407)	(5,407)	2,162	11/15/2005
3133MKED5	FHLB PREASSIGN		06/29/2005	NORTHERN TRUST	X X X	2,638,918	2,500,000.00	2,603,625	2,587,683		(19,928)		(19,928)		2,567,755		(36,505)	(36,505)	(14,850)	11/15/2006
31359MFV0	FNMA PREASSIGN		07/15/2005	MATURED	X X X	1,050,000	1,050,000.00	1,138,963	1,062,707		(12,709)		(12,709)		1,050,000		0	0	24,041	07/15/2005
912828BU3	US TREAS		07/19/2005	NORTHERN TRUST	X X X	496,426	500,000.00	495,625	495,990		2,187		2,187		498,177		(1,751)	(1,751)	2,697	12/31/2005
912828BU3	US TREAS		08/08/2005	NORTHERN TRUST	X X X	372,349	375,000.00	371,719	371,992		1,914		1,914		373,906		(1,558)	(1,558)	2,697	12/31/2005
3134A4UH5	FHLMC DEB		10/21/2005	NORTHERN TRUST	X X X	499,370	500,000.00	499,590	499,727		2,883		2,883		499,973		(603)	(603)	7,576	11/15/2005
3134A4UH5	FHLMC DEB		10/21/2005	NORTHERN TRUST	X X X	349,581	350,000.00	348,879	347,042		246		246		349,925		(344)	(344)	3,549	11/15/2005
3134A4UH5	FHLMC DEB		11/15/2005	MATURED	X X X	1,150,000	1,150,000.00	1,146,316	1,147,544		2,456		2,456		1,150,000		0	0	14,674	11/15/2005
0399999	Subtotal - Bonds - U.S. Governments					11,750,964	11,625,000.00	12,217,597	11,722,229		(32,768)		(32,768)		11,689,463		(46,168)	(46,168)	182,081	X X X
Bonds - States, Territories and Possessions																				
499523UE6	KNOX CNTY TENN HLTH EDL		10/20/2005	NORTHERN TRUST	X X X	997,500	1,000,000.00	1,000,000	1,000,000						1,000,000		(2,500)	(2,500)	14,250	07/01/2012
1799999	Subtotal - Bonds - States, Territories and Possessions					997,500	1,000,000.00	1,000,000	1,000,000						1,000,000		(2,500)	(2,500)	14,250	X X X
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
097014AH7	BOEING CAP CORP		03/23/2005	NORTHERN TRUST	X X X	1,036,860	1,000,000.00	1,048,030	1,040,446		(1,735)		(1,735)		1,039,604		(2,744)	(2,744)	10,187	01/15/2013
233835AP2	DAIMLER CHRYSLER		03/23/2005	NORTHERN TRUST	X X X	1,653,285	1,500,000.00	1,590,210	1,562,453		(843)		(843)		1,560,718		92,567	92,567	22,084	01/18/2011
211177AJ9	CONTL CABLEVISION INC		09/15/2005	MATURED	X X X	750,000	750,000.00	819,503	782,707		(32,707)		(32,707)		750,000		0	0	574	09/15/2005
22237LNC2	COUNTRYWIDE HOME LNS IN		12/19/2005	MATURED	X X X	850,000	850,000.00	853,876	853,280		(3,280)		(3,280)		850,000		0	0	11,595	12/19/2005
4599999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)					4,290,145	4,100,000.00	4,311,619	4,238,886		(38,564)		(38,564)		4,200,322		89,823	89,823	44,441	X X X
6099997	Subtotal - Bonds - Part 4					17,038,609	16,725,000.00	17,529,215	16,961,115		(71,332)		(71,332)		16,889,785		41,155	41,155	240,773	X X X
6099998	Summary Item from Part 5 for Bonds					561,644	550,000.00	552,943			(199)		(199)		552,743		6,563	6,563	13,436	X X X
6099999	Subtotal - Bonds					17,600,252	17,275,000.00	18,082,158	16,961,115		(71,531)		(71,531)		17,442,528		47,718	47,718	254,209	X X X
6599998	Summary Item from Part 5 for Preferred Stocks						X X X													X X X
7299998	Summary Item from Part 5 for Common Stocks						X X X													X X X
7399999	Subtotal - Preferred and Common Stocks						X X X													X X X
7499999	Totals					17,600,252	X X X	18,082,158	16,961,115		(71,531)		(71,531)		17,442,528		47,718	47,718	254,209	X X X

SCHEDULE D - PART 5

Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identifi- cation	Description	F O R E I G N	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consider- ation	Book/ Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - Industrial and Miscellaneous (Unaffiliated)																				
76113BAC3 ..	PVTPL RESIDENTIAL CAP ....	..	07/13/2005	NORTHERN TRUST .	11/03/2005	NORTHERN TRUST .	. 550,000.000	..... 552,943	..... 561,644	..... 552,743	.....	..... (199)	.....	..... (199)	.....	.....	..... 6,563	..... 6,563	..... 13,436	..... 2,338
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) .....							. 550,000.000	..... 552,943	..... 561,644	..... 552,743	.....	..... (199)	.....	..... (199)	.....	.....	..... 6,563	..... 6,563	..... 13,436	..... 2,338
6099998 Subtotal - Bonds .....							. 550,000.000	..... 552,943	..... 561,644	..... 552,743	.....	..... (199)	.....	..... (199)	.....	.....	..... 6,563	..... 6,563	..... 13,436	..... 2,338
7499999 Totals .....								..... 552,943	..... 561,644	..... 552,743	.....	..... (199)	.....	..... (199)	.....	.....	..... 6,563	..... 6,563	..... 13,436	..... 2,338

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1	2	3	4	5	6	7	8	Stock of Such Company Owned by Insurer on Statement Date	
								9	10
CUSIP Identification	Description Name of Subsidiary, Controlled or Affiliated Company	Foreign	NAIC Company Code or Alien Insurer Identification Number	NAIC Valuation Method (See SVO Purposes and Procedures manual)	Do Insurer's Admitted Assets Include Intangible Assets connected with Holding of Such Company's Stock?	Total Amount of Such Intangible Assets	Book/Adjusted Carrying Value	Number of Shares	% of Outstanding
NONE									
1999999 Total - Preferred and Common Stocks X X X ..	... X X X ..

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....
2. Total amount of intangible assets nonadmitted \$.....

SCHEDULE D - PART 6 - SECTION 2

1	2	3	4	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5	6
CUSIP Identification	Name of Lower-tier Company	Name of Company Listed in Section 1 Which Controls Lower-tier Company	Total Amount of Intangible Assets Included in Amount Shown in Column 7, Section 1	Number of Shares	% of Outstanding
NONE					
0399999 Total - Preferred and Common Stocks X X X ....	.... X X X

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENT Owned December 31 of Current Year

1	Codes		4	5	6	7	Change in Book/Adjusted Carrying Value				12	13	Interest						20	
	2	3					8	9	10	11			14	15	16	17	18	19		
Description	Code	For- eign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due and Accrued Dec 31 of Current Year on Bonds Not in Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	How Paid	Gross Amount Received	Paid For Accrued Interest	
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																				
MERRILL LYNCH & CO INC	06/29/2005	NORTHERN TRUST	01/30/2006	..... 750,000	.....	..... (2,670)	.....	.....	..... 750,000	..... 760,680	..... 9,188	.....	..... 2.940	..... 2.899	.. JJ ..	..... 8,355	.....
SBC COMMUNICATIONS	06/29/2005	NORTHERN TRUST	05/02/2006	..... 806,318	.....	..... (11,057)	.....	.....	..... 800,000	..... 863,184	..... 7,411	.....	..... 5.750	..... 5.329	.. MN ..	..... 11,943	.....
3999999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations .....						..... 1,556,318	.....	..... (13,727)	.....	.....	..... 1,550,000	..... 1,623,864	..... 16,599	.....	.. X X X .	.. X X X .	. X X X .	..... 20,298	.....
4599999 Subtotal - Industrial & Miscellaneous (Unaffiliated) .....						..... 1,556,318	.....	..... (13,727)	.....	.....	..... 1,550,000	..... 1,623,864	..... 16,599	.....	.. X X X .	.. X X X .	. X X X .	..... 20,298	.....
5499999 Subtotal - Issuer Obligations .....						..... 1,556,318	.....	..... (13,727)	.....	.....	..... 1,550,000	..... 1,623,864	..... 16,599	.....	.. X X X .	.. X X X .	. X X X .	..... 20,298	.....
6099999 Subtotal - Bonds .....						..... 1,556,318	.....	..... (13,727)	.....	.....	..... 1,550,000	..... 1,623,864	..... 16,599	.....	.. X X X .	.. X X X .	. X X X .	..... 20,298	.....
8299999 Total Short-term Investments .....						..... 1,556,318	.....	..... (13,727)	.....	.....	... X X X ...	..... 1,623,864	..... 16,599	.....	.. X X X .	.. X X X .	. X X X .	..... 20,298	.....

E16	Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned	NONE
E16	Schedule DB - Part A Sn 2 Opt/Cap/Floor Acquired	NONE
E17	Schedule DB - Part A Sn 3 Opt/Cap/Floor Term	NONE
E17	Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force	NONE
E18	Schedule DB - Part B Sn 2 Opt/Cap/Floor Written	NONE
E18	Schedule DB - Part B Sn 3 Opt/Cap/Floor Term	NONE
E19	Schedule DB - Part C Sn 1 Col/Swap/Fwrdr Open	NONE
E19	Schedule DB - Part C Sn 2 Col/Swap/Fwrdr Opened	NONE
E20	Schedule DB - Part C Sn 3 Col/Swap/Fwrdr Term	NONE
E20	Schedule DB - Part D Sn 1 Futures Contracts Open	NONE
E21	Schedule DB - Part D Sn 2 Futures Contracts Opened	NONE
E21	Schedule DB - Part D Sn 3 Futures Contracts Term	NONE
E22	Schedule DB - Part E Sn 1 Counterparty Exposure	NONE

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories								
Cash on Deposit	First Tennessee Bank .....	.....		4.000	33,449		242,314	X X X
0199998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories				X X X ..				X X X
0199999 Totals - Open Depositories				X X X ..	33,449		242,314	X X X
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories				X X X ..				X X X
0299999 Totals - Suspended Depositories				X X X ..				X X X
0399999 Total Cash On Deposit				X X X ..	33,449		242,314	X X X
0499999 Cash in Company's Office				X X X ..	X X X ..	X X X ..		X X X
0599999 Total Cash				X X X ..	33,449		242,314	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	32,886	4. April	340,606	7. July	420,294	10. October	350,625
2. February	655,399	5. May	1,099,685	8. August	379,116	11. November	248,789
3. March	588,393	6. June	936,433	9. September	460,233	12. December	242,314

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

		1	2	Deposits with the State of Domicile For the Benefit of All Policyholders		All Other Special Deposits	
		Type of Deposit	Purpose of Deposit	3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
States. Etc.							
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)						
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)						
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)	B	Restricted Investment for the protection of the enrollees in the State of TN	7,547,678	7,382,605		
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)						
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)						
55.	U.S. Virgin Islands (VI)						
56.	Canada (CN)						
57.	Aggregate other alien (OT)	X X X	X X X				
58.	Total	X X X	X X X	7,547,678	7,382,605		
DETAILS OF WRITE-INS							
5701	.....					
5702	.....					
5703	.....					
5798.	Summary of remaining write-ins for Line 57 from overflow page	X X X	X X X				
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X	X X X				



SUPPLEMENTAL COMPENSATION EXHIBIT

For the Year Ended December 31, 2005
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:
or 2) allocation to each insurer:

Yes[X] No[]
Yes[X] No[]
Yes[] No[X]
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[] No[X]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. This information will be sent under separate cover	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
2.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
3.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
4.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
5.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
6.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
7.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
8.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
9.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............
10.	2005 .. 2004 .. 2003 ..	...............	...............	...............	...............

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
This information will be sent under separate cover
9999999



Statement of Actuarial Opinion
Actuarial Certification
Preferred Health Partnership of Tennessee, Inc.
Actuarial Liabilities as of December 31, 2005

I, Mark S. Alhanti, am a consultant with the firm of Towers Perrin. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for rendering opinions on Health Maintenance Organizations' and Health Plans' actuarial liabilities. I have been retained by Preferred Health Partnership of Tennessee, Inc. (the Company) to render an opinion on their December 31, 2005 actuarial liabilities.

I have undertaken an examination of the assumptions and methods used in developing the actuarial liabilities shown in the Company's December 31, 2005 annual statement prepared for filing with the State of Tennessee regulatory officials. These amounts are shown below:

Claims Unpaid (Page 3, Line 1)	\$0
Accrued Medical Incentive Pool and Bonus Payments (Page 3, Line 2)	\$0
Unpaid Claims Adjustment Expenses (Page 3, Line 3)	\$0
Aggregate Policy Reserves (Page 3, Line 4)	\$6,732,000
Aggregate Health Claim Reserves (Page 3, Line 7)	\$0
Experience Rated Refund	\$0
Actuarial Liabilities included in Page 3, Line 21	\$11,488,605

I have used the traditional development methodology in arriving at my estimate of the liability for claims unpaid at December 31, 2005. This method is based on accepted actuarial standards and sound actuarial principles.

I have reviewed Page 11 (Underwriting and Investment Exhibit – Part 2b.) This schedule was prepared consistent with Section 5.14, *Follow Up Studies* contained in Actuarial Standard of Practice No. 5, Incurred Health Claim Liabilities.

It is my opinion that the actuarial liabilities shown above:

1. are in accordance with accepted actuarial standards, consistently applied and are fairly stated in accordance with sound actuarial principles,

Statement of Actuarial Opinion

- 2. are based on actuarial assumptions relevant to contract provisions and are appropriate to the purpose for which the statement was prepared,
- 3. meet the requirements of the laws of the State of Tennessee,
- 4. make good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and arrangements,
- 5. are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the proceeding year-end, and
- 6. include appropriate provision for all actuarial items that ought to be established.

In arriving at my opinion I have relied on data prepared by Mr. Jeff Collake of the Company (see reliance letter attached.) In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations as I considered necessary.

I considered the need to do cash flow testing in forming my opinion. I determined that cash flow testing was not necessary due to the short-term nature of the liabilities and the insensitivity of the liabilities to economic conditions.

The actuarial methods, considerations and analyses used in forming my opinion are in conformance with the appropriate Standards of Practice and Compliance Guidelines as promulgated by the Actuarial Standards Board and the American Academy of Actuaries.

Mark S. Alhanti, FSA, MAAA

January 31, 2006

Date



Statement of Actuarial Opinion

Actuarial Certification – Medical Services Report Preferred Health Partnership of Tennessee, Inc. Actuarial Liabilities as of December 31, 2005

I, Mark S. Alhanti, am a consultant with the firm of Towers Perrin. I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for rendering opinions on Health Maintenance Organizations' and Health Plans' actuarial liabilities. I have been retained by Preferred Health Partnership of Tennessee, Inc. ("the Company") to render this statement of actuarial opinion.

Pursuant to the contract between the State of Tennessee and Preferred Health Partnership of Tennessee, Inc., an actuarial certification to the medical target ratio is required each year. We have examined the actuarial assumptions and actuarial methods used in determining the reserves and related actuarial items pertaining to the calculation of the medical services budget for TennCare. In our opinion, the reserves and related items of the Medical Services Report as of December 31, 2005, as reported to the State of Tennessee, are reasonable and make sufficient provision for outstanding claims payable.

It is my opinion that the amounts carried on the Medical Services Report in relation to the actuarial items:

1. are in accordance with accepted actuarial standards, consistently applied and are fairly stated in accordance with sound actuarial principles,
2. are based on actuarial assumptions relevant to contract provisions and are appropriate to the purpose for which the statement was prepared,
3. meet the requirements of the laws of the State of Tennessee,
4. make good and sufficient provision for all unpaid claims and other actuarial liabilities of the Company under the terms of its contracts and arrangements,
5. are computed on the basis of assumptions consistent with those used in computing the corresponding items in the previous Medical Services Report, and
6. include appropriate provision for all actuarial items that ought to be established.

In arriving at my opinion I have relied on data prepared by Mr. Jeff Collake of the Company (see reliance letter attached.) In other respects, my examination included such review of the underlying assumptions and methods used and such tests of the calculations, as I considered necessary.



Statement of Actuarial Opinion

Actuarial Certification – Medical Target Ratio Report
Preferred Health Partnership of Tennessee, Inc.
Actuarial Liabilities as of December 31, 2005
Page 2

I considered the need to do cash flow testing in forming my opinion. I determined that cash flow testing was not necessary due to the short-term nature of the liabilities and the insensitivity of the liabilities to economic conditions.

The actuarial methods, considerations and analyses used in forming my opinion are in conformance with the appropriate Standards of Practice and Compliance Guidelines as promulgated by the Actuarial Standards Board and the American Academy of Actuaries.

Mark S. Alhanti, FSA, MAAA

January 20, 2006

Date

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